


King George's Field Trust Board Meeting 13 March 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Simon Baxter, Corporate Director, Communities	<b>Classification:</b> Partially restricted (exempt Appendix 1)
<b>Leases Update, King George's Field Trust (KGFT)</b>	

<b>Lead Member</b>	Cllr Iqbal Hossain, Cabinet Member for Culture and Recreation
<b>Originating Officer(s)</b>	Catherine Boyd, Head of Arts Parks and Events
<b>Wards affected</b>	Mile End and Bow West
<b>Key Decision?</b>	No
<b>Reason for Key Decision</b>	This report has been reviewed as not meeting the Key Decision criteria.
<b>Forward Plan Notice Published</b>	N/A
<b>Strategic Plan Priority / Outcome</b>	N/A

## Executive Summary

This report provides an update on the lease arrangements for the King George's Field Trust (KGFT) retail and rental units, income from which supports the Charity to maintain park land and amenities for the benefit of Tower Hamlets residents.

This report also provides an update in respect of lease renewal discussions and service charge arrears.

### Recommendations:

The Board is recommended to:

1. Note the status of payments received and arrears for Green Bridge retail units.
2. Note the ongoing discussions with "Tenant A" in respect of outstanding arrears and their lease arrangements and approve the proposal from the tenant to offset their arrears.
3. Note the outcome of discussions in respect of the rent review for "Tenant B" and their lease arrangements.

4. Note the current position with regard to negotiations with “Tenant C” regarding their lease renewal.
5. Note the status of lease renewal arrangements with “Tenant D”.
6. Note the ongoing discussions with “Tenant E” regarding their rent review.

## **1 REASONS FOR THE DECISIONS**

- 1.1 The King George’s Fields charity is registered with the Charity Commission as King Georges Field, Mile End Charity, registered number 1077859.
- 1.2 The Council is the trustee of the Charity, and the Council is the freehold owner of the land which is subject to this report.
- 1.3 King George’s Fields Trust (KGFT) Board should consider its charity’s responsibilities as landlord of the Green Bridge retail and other commercial units. This includes ensuring that all statutory requirements are met.
- 1.4 In order to ensure the Charity is in receipt of the funds owing to it, it is incumbent upon the Council to ensure that all tenants are up to date with their rental fees and charges.
- 1.5 “Tenant A” in Table 1 of Exempt Appendix 1 have historical arrears, for which discussions to offset the debt are ongoing. The trust needs to take a decision to accept their proposal or not to clear these arrears through the assignment of the lease.
- 1.6 In order to ensure the Charity is in receipt of the funds owing to it, it is incumbent upon the Council to ensure the rent being received reflects market values in line with the lease provisions.
- 1.7 Negotiations with “Tenant C” in respect to their lease review is being taken forward and the appropriate notice has been served in respect of “Tenant E’s” lease to ensure that the rent received reflects market values.
- 1.8 The Board is required to act in the best interest of the Charity and to consider Public Benefit when taking a decision. A guide to Public Benefit has been provided to Board members (Appendix 2).

## **2 ALTERNATIVE OPTIONS**

- 2.1 The Charity needs to recover the rental and utility arrears so that the Charity is not deprived of funds to undertake its remit.
- 2.2 The Charity needs to ensure that market value rent is obtained for leases in accordance with the lease terms.

### **3 DETAILS OF THE REPORT**

- 3.1 All tenants with the exception of “Tenant A” are up to date with their rent and utility demands.
- 3.2 “Tenant A’s” outstanding utility charges and rent arrears are being pursued by the managing agents on behalf of the trust.
- 3.3 “Tenant A” have submitted a proposal to assign their lease and use the rental deposit to offset part of their arrears. All arrears would need to be cleared before any assignment could be completed.
- 3.4 “Tenant A”, under the terms of the lease, have the right to assign their lease.
- 3.5 “Tenant B” remains as the same company under the lease with a change of company director and change of business name.
- 3.6 Negotiations are ongoing with “Tenant C” and subject to third party arbitration.
- 3.7 The final arrangements for the lease renewals with “Tenant D” are now concluded (sealed), resulting in an increase of income to the trust.
- 3.8 “Tenant E” have been served a Section 25 notice under the Landlord and Tenants Act (1954) to surrender their lease and enter a new lease from April 2024.

### **4 EQUALITIES IMPLICATIONS**

- 4.1 The King George’s Field Trust manages lands and facilities which are open to all. Where charges have to be made, such as artificial football pitches, charges are kept at affordable levels for the local community.

### **5 OTHER STATUTORY IMPLICATIONS**

- 5.1 None applicable.

### **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 There are no financial implications directly emanating from this report, which is a noting report providing an update on the lease arrangements for the King George’s Field Trust retail and rental units. This income supports the Charity to maintain park land and amenities for the benefit of Tower Hamlets residents. King Georges Fields Trust is a self-financing Charity with no direct contributions from the Council general fund. To ensure its sustainability it is important that the Charity maximises the income from these available sources through negotiation of longer-term leases and pursues any non-payment of monies owed.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The London Borough of Tower Hamlets is the corporate trustee of the King George's Field Trust ("the Charity"). Decisions of the Council as trustee are made by the King George Trust Board. When Councillors are sitting as Board members they must act in the Charity's best interests and manage the Charity's resources responsibly and ensure that the Charity complies with its legal obligations.
- 7.2 Before granting a lease for 7 years or more, the charity trustee must obtain and consider a written report on the proposed lease from a qualified person. A surveyor who is a member of the RICS and has experience in the relevant area is such a person.
- 7.3 The trustees must then decide if they are satisfied (having considered the written report) that the terms of the lease are the best that can be reasonably obtained.

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

#### **Appendices**

- Appendix 1 (exempt) – Commercial Property Recommendations and Updates
- Appendix 2 – Public Benefit Guidance

#### **Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

- None

#### **Officer contact details for documents:**

Catherine Boyd, Head of Arts Parks and Events